Quarterly International Trade Report

March 2005
Public Distribution

Rice

World Situation and Outlook

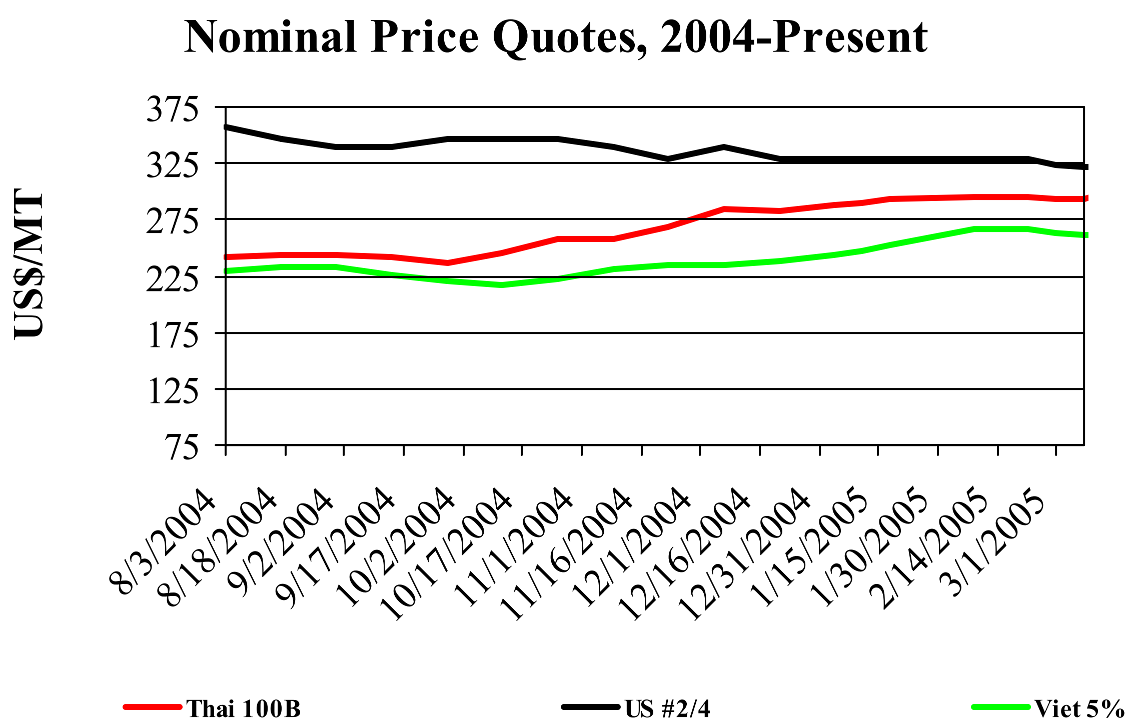
Global PS&D
Despite a 13.0 million ton year-to-year increase in global production, consumption is forecast to continue to outpace production for the 4th consecutive year, thereby further drawing down global ending stocks by another 13% or 11 million tons. Global stocks are now forecast to have dropped by 50% or 75 million tons in just four years bringing the stocks to use ratio to only 18%, the lowest level in 23 years.

Global Trade
Global prices have strengthened appreciably since last quarter with reports of dry conditions throughout much of Asia and dwindling supplies in the major exporters. Prices in Thailand have hit $300 per ton, FOB for high quality rice, due to continued support from the government's intervention program coupled with concerns about drought damaged crops and tight stocks. Prices in Vietnam have also climbed, although they remain at a $35 discount to comparable Thai rice. For this reason, exports from Vietnam are off to a fast start, while buyers remain withdrawn from the Thai market. India's export sales of regular white rice have been constrained by the absence of government export subsidies, but exports of basmati and parboiled remain strong. If prices continue to rise, India will likely become a greater market player.

Total world trade for trade year 2005 is expected to fall by over 1.1 million tons from last year as traditional importers are expected to remain on the sidelines. While the Philippines and Nigeria are forecast to have higher production, the governments of Indonesia and Turkey continue to restrict imports given ample domestic supplies.

SUMMARY POINTS

- Global consumption continues to outpace production
- U.S. exports to expand in non-traditional markets.
- China to remain a net importer in CY 2005.



U.S. Situation and Outlook

Although the current export forecast of 105 million cwt is slightly above last year, this year's pace is sluggish for long grain rice compared to the normal pace of sales. Consequently, we are in the paradoxical situation of expecting sales to pick up, whereas in prior years, sales have tended to slow down in the last quarter of the marketing year. The bright spot has been in medium grain markets.

Export prospects have been constrained by prices that have just begun to respond to a record harvest and a forecast 60% (17 million cwt) jump in ending stocks. *Long grain rough* rice exports have been limited mostly by ample domestic supplies in Western Hemisphere markets, such as Brazil. *Long grain milled* rice exports had been constrained by the spread between U.S. and Asian prices, but that spread is narrowing (about $20), and should help our competitive position. That could also be advantageous to gaining sales in Iraq and non-traditional markets. Reported crop damage in Central America could also generate additional demand for U.S. rice. Lastly, *medium/short grain* exports are anticipated to be up year-to-year on increased demand in South Korea and markets in the Middle East, such as Jordan and Oceana, that more than offset the reduction in Turkey.

WORLD RICE PRODUCTION, CONSUMPTION AND STOCKS					
	2002/03	2003/04	2004/05	Annual Change	
Production	378.313	389.397	402.079	12.682	3%
Consumption	408.382	413.597	412.888	-0.709	0%
Trade	27.65	26.528	25.411	-1.117	-4%
Ending Stocks	107.228	86.068	75.259	-10.809	-13%
U.S. RICE PRODUCTION, CONSUMPTION AND STOCKS					
Production	6.536	6.402	7.329	0.927	14%
Consumption	3.535	3.652	3.913	0.261	7%
Exports	3.843	3.097	3.45	0.353	11%
Ending Stocks	0.829	0.761	1.272	0.511	67%
	MMT	MMT	MMT	MMT	

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